



# FUND WISE INCOME ANALYSIS OF LIC

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## ABSTRACT

The Life Insurance Corporation of India (LIC) is the business leader in the life insurance business among twenty four life insurance companies in India. The premium collection of linked and non-linked products are invested in different investment instruments as per portfolio investment of the IRDA. The total income of linked fund, pension fund and life fund are studied in this study analysing total income on total investment of different funds, the year wise growth of total income and average percentage growth of total income on these three funds. The study shows that income on life fund is more, average growth of pension fund is better than the growth of other funds and average percentage income of linked fund is improving.

**KEYWORDS:** linked fund, Pension fund, Life fund, Income, Year wise growth.

## INTRODUCTION:

Life Insurance Company is very important financial institution in India, it helps to increase the gross domestic product (GDP) through the investment of premium which is collected through different product launched by insurance company. This investment is made in Central & State Government Securities, Other Approved Securities, Investment Subject to Exposure Norms (Housing & Loans to State Government for housing and firefighting equipment & other investments), Infrastructure/ Social Sector Investments, Approved Investment subject to Exposure Norms, Other Than Approved Investments. At present twenty four life insurance companies are working in India, the Life Insurance Corporation of India (LIC) is the business leader in the life insurance business. It is possible for their public image and long term business in life insurance markets. Total portfolio investment of the LIC is made as per IRDA regulations. The total investment is made in broadly three groups, these are unit linked fund, pension fund and life fund and every fund generates the income. In this paper, income of total investment of LIC are analysed to understand the income generation on different funds. A comparative analysis is made using analysis of total income on total investment, the year wise growth of total income and year wise percentage growth of the income. This paper shows that life fund of the LIC is the highest investment amount which invested in the financial market.

## METHODOLOGY:

The study paper is explanatory in nature and the secondary data are used in this paper to analyse the six years data for the period of 2015-2016 to 2020-2021. The year wise growth analysis, average growth analysis and percentage analysis are used as the statistical tools in the article.

## OBJECTIVES:

The main objectives of this paper for which the data are collected are as follows:

- To analyse the total income of unit linked fund, pension fund and life fund
- To study the year wise growth of income of funds
- To compare year wise percentage income on different funds

## LITERATURE REVIEW:

The various resources regarding to the study of fund wise income analysis of LIC are studied as mentioned below:

Bala & Sandhu (2011), Singh and Singh (2011) & Singh and Singh (2011) discussed in their articles different factors which were gender, age, marital status, and place of residence, education, salary, nature of job, membership, and experience, tax benefit, investments in mutual funds, risk in investments, t test in investments and volatility, factor wise analysis, position of Indian Life Insurance Industry in the pre LPG Era, progress of Indian Life Insurance Industry in the post LPG Era total life insurance premium, they also used the different statistical tools to study the variables such as one way ANOVA, two ways ANOVA etc.

Khan (2006), Kothekar (2011), Pathak (2006) & Saha (2013) in their books, discussed insurance Act, 1938, registration process, power of IRDA to make regulations, rural/social sector obligations, investments norms, maintenance of books of accounts and records, and distribution of surplus profit, history and perspective of life insurance, essential features of life insurance contracts, types of life insurance policy, IT for insurance, the pattern of

investments, fund wise life insurance investments, and market share of life insurance players, principles of insurance, origin of insurance sector, reforms of insurance sector in India, different product of life insurance, regulatory framework of insurance.

## RESULT DISCUSSION AND FINDINGS:

In this section, the total income of unit linked fund, pension fund and life fund of LIC are analysed considering the objectives of the study paper during the period 2015-2016 to 2020-2021 in following ways:

### a) To analyse the Total Income of unit linked fund, pension fund and life fund:

In this part, total income of three funds of LIC are estimated in following Table:

**Table 1: Year Wise Total Income on Funds**

Year	Income on Linked Fund (Amount in Crore)	Income on Pension Fund (Amount in Crore)	Income on Life Fund (Amount in Crore)
2020-2021	1,822.00	16986.65	46,468.56
2019-2020	269.97	5,063.31	47,516.74
2018-2019	-888.81	14,592.45	64,567.90
2017-2018	2,846.26	12,627.54	39,156.54
2016-2017	1,939.83	10,991.54	37,110.02
2015-2016	997.18	9,082.15	31,041.25
Total	6,986.43	69343.64	2,65,861.01

Source: Life Insurance Council

### Findings:

In the above Table-1, total income of life fund of LIC is more than the income of linked and pension funds. It occurs to the preference of investment in life fund and its long term investment strategy in financial markets as per IRDA regulations.

### b) To study the Year wise growth of income of funds:

In this area, year wise growth is calculated on the total income earned on the three funds, unit linked fund, pension fund and life fund during the period, 2015-2015 to 2020-2021. The year wise growth is shown in the following Table:

**Table 2: Year Wise Growth on Income of funds**

Year	Income on Linked Investment (%)	Income on Pension Investment (%)	Income on Life Investment (%)
2019-2020	-85.1828	-70.1924	2.255676
2018-2019	-429.225	188.1998	35.88453
2017-2018	-420.233	-13.4653	-39.356
2016-2017	-31.8464	-12.9558	-5.22651

2015-2016	-48.5945	-17.3715	-16.3535
Average Growth	-203.02	14.84	-4.56

Source: Calculated on the basis of Table-1

#### Findings:

In the Table-2, year wise growths on unit linked fund, pension fund and life fund are negative except in the year of 2018-2019 of pension fund and life fund and in the year 2019-2020 of life fund. The average growth of pension fund of LIC is 14.84 %. This is for restrictive investment as per IRDA regulation for portfolio investment in Indian financial market.

#### c) To compare Year Wise Percentage Income on Different Funds:

Here, the percentage income is measured on unit linked fund, pension fund and life fund and compared with the average income in percentage. This analysis is shown in the Table-3 as shown below:

**Table 3: Year Wise Percentage Income on Funds**

Year	Linked (ULIP) Fund (%)	Pension Fund (%)	Life Fund (%)
2020-2021	6.72	1.88	1.89
2019-2020	0.93	0.64	2.11
2018-2019	-2.24	2.18	2.25
2017-2018	5.56	2.12	2.09
2016-2017	2.63	2.18	2.18
2015-2016	1.43	2.28	2.04
Average	2.50	1.88	2.09

Source: Calculated on the basis of Table-1

#### Findings:

The Table-3 shows that average income of linked fund is more than the other two funds, pension fund and life fund, it happens for the return on the Indian financial market linked investment instruments. Here, pension fund returns very less as compared to income of unit linked fund and life fund because of restricted investment portfolio as IRDA regulation.

#### CONCLUSION:

Total income of life fund of LIC is more than the income of linked and pension funds for more investment in life funds. The average growth of pension fund of LIC is 14.84 % for restrictive investment as per IRDA regulation. Average income on linked fund is more than the other two funds, pension fund and life fund, it happens because of restricted investment portfolio in market linked products as per IRDA regulation.

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